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Approved For Release 2002/09/04 : CIA-RDP79T00975A004400030001-9

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17 MARCH 1959

I. THE COMMUNIST BLOC

Khrushchev shaking up second-
echelon leadership.

Moscow continuing its attacks on
Iranian regime.

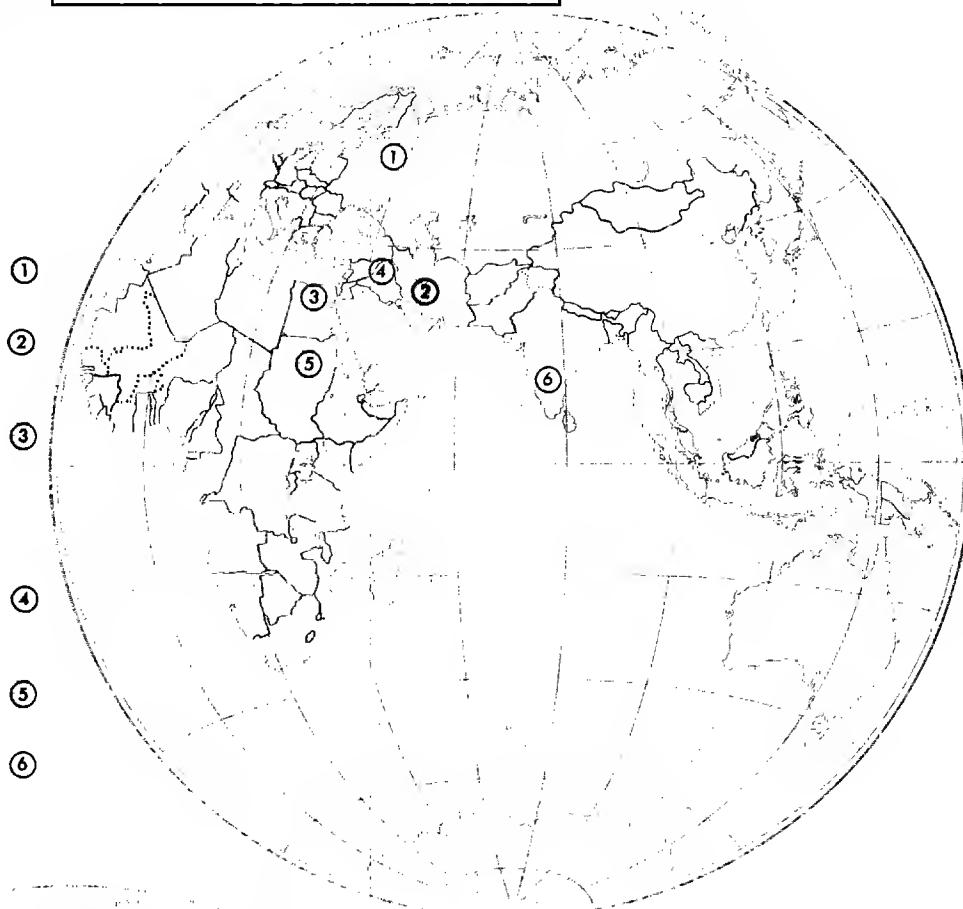
Khrushchev's comments on UAR-
Iraq dispute aimed at discouraging
Nasir's attacks on Qasim

II. ASIA-AFRICA

USSR grants Iraq \$137,000,000 loan
for economic and technical develop-
ment.

Sudan concludes trade agreement
with USSR; negotiations under way
for long-term economic aid.

India - Efforts to overthrow Commu-
nists in Kerala thwarted.



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CENTRAL INTELLIGENCE BULLETIN

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17 March 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

jk USSR: Khrushchev apparently is in the midst of a campaign to clean up the second-echelon party and governmental leadership; he recently notified party and government leaders that such a campaign was in the offing. Shake-ups in the leadership of the Uzbek Republic and Moscow Oblast have taken place within the past two weeks, following similar action in the Turkmen Republic. 25X1

W USSR-Iran: The reported recall of Soviet Ambassador Pegov from Tehran may mark a new phase in Moscow's hostility toward the Shah's regime. Soviet radiobroadcasts to Iranian listeners have also renewed explicit personal attacks on the Shah. The Iranian Government cannot effectively counter the Soviet broadcasts, but has attempted to keep pace with Soviet pressure by postponing the departure of the Iranian ambassador-designate to the USSR and by alleging 81 violations of Iranian air space by Soviet aircraft in recent months. 25X1

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jk *USSR-UAR: Khrushchev's remarks of 16 March on the UAR-Iraq dispute, while deplored the conflict and adopting a pose of noninterference and friendship for both countries, are directed at discouraging Nasir from attacks on Qasim and Baghdad Communists, and from renewed UAR subversion in Iraq. Khrushchev stated that relations between the USSR and the UAR "will continue as before," but his warning that Nasir's anti-Communist campaign, if continued, "will inevitably fail" implies Soviet retaliatory moves. In a speedy reply on 16 March Nasir charged Khrushchev with "distortion of facts" in commenting on Arab unity, but expressed a qualified hope for continuing good relations with the USSR. 25X1

II. ASIA-AFRICA

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*Iraq-USSR: The Soviet Union has granted Iraq a \$137,000,000 loan at 2.5-percent interest under an economic and technical co-operation agreement concluded on 16 March in Moscow. The USSR will provide technical assistance for the construction of various light industrial projects, primarily in the machine, chemical, and food industries. It will also conduct various studies in the fields of irrigation, transportation, and development of mineral resources. The agreement underscores Khrushchev's recent support for Iraq's position in the Middle East. A \$168,000,000 arms agreement was signed with the USSR last fall.

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Sudan-USSR: The Sudanese Government and a visiting Soviet economic delegation have concluded the first trade agreement between the two countries--a small one-year barter arrangement (\$6,244,000 each way) for the exchange of Sudanese cotton and other agricultural products for Soviet machinery, trucks, and cars. Negotiations are now under way on a Soviet offer of long-term, low-interest credits for Sudanese industrial and agricultural projects, and the Sudanese negotiators apparently intend to raise the question of Soviet aid for the Roseires Dam project on the Blue Nile.

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I. THE COMMUNIST BLOC

Moscow Purging Ineffective and Corrupt Officials

A general campaign to strengthen the second-level leadership in the Soviet Union by replacing some of the more ineffective or corrupt party and government officials is apparently under way. Shake-ups in the leadership of the Uzbek Republic and Moscow Oblast have taken place within the past two weeks, following similar action in Turkmenistan. In addition, the party chiefs in a number of other areas, including the Checheno-Ingush Autonomous Republic, the Novosibirsk Oblast and the Jewish Autonomous Oblast, have been replaced.

On 14 March both the party first secretary and the premier of Uzbekistan were ousted from their posts for "serious shortcomings and mistakes" in their work. A similar move took place in Moscow Oblast on 2 March when the first secretary and the chairman of the government body were released at a meeting attended by some of the party's top personnel specialists, including party presidium members Aristov and Kirichenko. No details on the charges against the ousted Moscow officials have been published. The principal victims in the Turkmen affair last December were the party first secretary and another secretary, both charged with "gross mistakes in their work," including "nepotism, malfeasance, and arrogance."

The Turkmen shake-up now has extended to lower echelons in that republic's leadership, and a similar widening of the purge may follow the changes in Moscow Oblast and Uzbekistan.

Khrushchev has recently stressed the availability of deserving and qualified younger men capable of providing vigorous leadership for his programs, and has warned party and government leaders that deficiencies in their leadership will not be tolerated. "We must not... hold back the replacement of leaders when it is clear they are not coping with the tasks entrusted to them," he said.

Khrushchev's Statement on UAR-Iraq Dispute

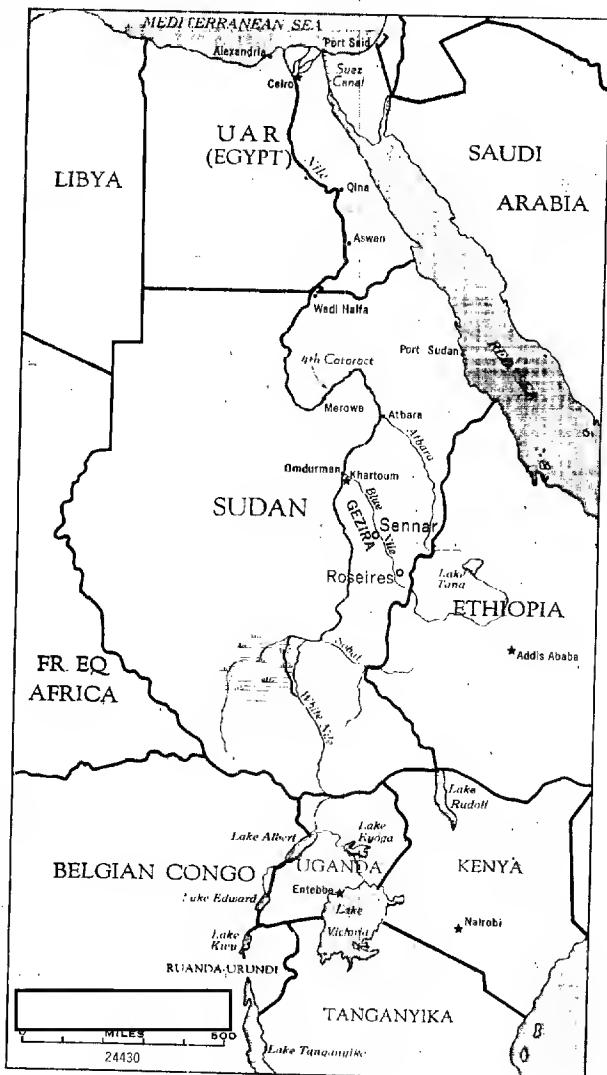
Khrushchev on 16 March, commenting on the UAR-Iraq dispute, pledged noninterference and friendship for both countries, but clearly placed the USSR on the side of Iraq. His remarks are aimed at discouraging Nasir from continuing his attacks on Communists and on Qasim, as well as from renewing UAR subversive moves against the Baghdad regime. The Soviet premier, breaking Moscow's silence on the UAR's role in the abortive Mosul uprising, charged Nasir with having used the "language of imperialists" in his recent speeches at Damascus.

Khrushchev expressed hope that "common sense" will prevail and asserted that relations between the USSR and the UAR "will continue as before." He noted, however, that Moscow "is not indifferent" to the results of the dispute which has arisen because of Nasir's "insistence on unifying Iraq with the UAR" against the will of the Iraqi people. This statement and Khrushchev's warning that Nasir's anti-Communist campaign, if continued, "will inevitably fail" suggest possible Soviet retaliatory moves.

Pravda, possibly foreshadowing Soviet efforts to build up Qasim in the radical Arab nationalist movement as a counterweight to Nasir, declared on 13 March that "Baghdad is more and more becoming an important center of the liberation movement in the Near and Middle East."

Nasir, in a speedy reply to Khrushchev on 16 March, declared that the Soviet premier's statement regarding Nasir's "insistence" on unity between the UAR and Iraq is a "distortion of facts." Nasir termed Khrushchev's defense of Arab Communists "a matter which the Arab people cannot accept," and in expressing hope for continued friendly relations with the USSR qualified his remarks with this reservation. UAR propaganda organs have continued their full-scale anti-Qasim, anti-Communist tirades, and on 16 March Vice President Amir addressed a "massive" anti-Qasim demonstration in Cairo in a similar vein.

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II. ASIA-AFRICA

Sudan Concludes Cotton Barter Deal With USSR

Moscow will purchase about \$5,000,000 worth of Sudanese cotton over the next 12 months as part of a \$6,244,000 barter trade agreement concluded on 15 March between Sudanese officials and a Soviet delegation which arrived in Khartoum on 28 February. They are now discussing a Soviet offer of long-term, low-interest credits for Sudanese industrial and agricultural projects.

In terms of the Sudanese cotton crop, the Soviet barter deal is relatively small. Khartoum now has on hand about 142,000 bales of cotton--worth some \$20,000,000--left over from the 1957 and 1958 crops, and the new crop coming on the market this month is expected to reach a record 640,000 bales, worth about \$95,000,000 at present prices. Earlier, small barter deals were concluded with Czechoslovakia, Bulgaria, Hungary, Poland, and Communist China.

Khartoum probably will raise the question of Soviet help in constructing the \$100,000,000 Roseires Dam on the Nile River. (Sudanese Foreign Minister Kheir, noting that Western aid for this project appeared lacking, has hinted at a request to the USSR.) Western aid for this and other major Nile projects has been conditioned on a settlement of the dispute between Egypt and the Sudan over use of the Nile waters. Despite the recent government changes, Khartoum apparently is still insisting on a substantial share of the waters, and no solution appears likely in the near future.

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